UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

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Ex parte RUTH MARIE TRITZ, SHAWN M. BATES,
and ADAM J. ELLIOTT

_____

Appeal 2007-4269
Application 09/653,595
Technology Center 3600

_____

Decided: April 11, 2008

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Before MURRIEL E. CRAWFORD, LINDA E. HORNER, and MICHAEL W. O'NEILL, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1-9, 26-32, and 40[1]. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

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[1] Claims 41-49 have been withdrawn from consideration and claims 10-25 and 33-39 have been cancelled.

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellants' claimed invention is directed to a system for evaluating financial account applicants for a financial institution (Spec. 1:13-16). Claim 1, reproduced below, is representative of the subject matter on appeal.

> 1. A computer-implemented method of automatically evaluating a financial account applicant for a financial institution, the method comprising the acts of:
> electronically accessing credit bureau data for the applicant;
> electronically accessing account information for the applicant;
> electronically generating a score for the applicant based on the credit bureau data and the account information; and
> determining whether to open the financial account based on the score.

THE REJECTION

The Examiner relies upon the following evidence in the rejections:

Walker	US 6,088,686	Jul. 11, 2000
Basch	US 6,119,103	Sep. 12, 2000

The following rejection is before us for review:

1.Claims 1-9, 26-32, and 40 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Walker and Basch.

ISSUE

Appellants contend that (1) the combination of Walker and Basch fails to disclose or suggest generating a score based on credit bureau data and applicant

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account information (Appeal Br. 7), (2) Basch teaches away from including credit bureau data (Appeal Br. 8), and (3) "[t]he Examiner has not identified in the prior art a suggestion to modify the Walker system to include the FRPS system of Basch" (Appeal Br. 9). The Examiner found that although "Walker does not explicitly teach the step of generating a score for the applicant based on the credit bureau data and the account information," Basch teaches generating a score based on credit bureau data and account information (Answer 3). The Examiner further held that it would have been obvious to one of ordinary skill in the art to modify the system of Walker to include the score generating method of Basch because "[t]he combination of the disclosures taken as a whole suggests that Financial Institutions would have benefited from the early warnings about the risks associated with opening an account" (Answer 4).

The issue before us is whether Appellants have shown that the Examiner erred in rejecting claims 1-9, 26-32 and 40 as unpatentable over Walker and Basch. This issue turns on whether the one having ordinary skill in the art would have had a reason to modify the system of Walker with the teachings of Basch, and whether such a combination would have led to the step of generating a score based on credit bureau data and account information.

<div align="center">FINDINGS OF FACT</div>

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

<div align="center">3</div>

1.Appellants have not refuted the Examiner's findings spanning pages 3-5 of the Answer regarding the scope and content of Walker and the differences between Walker and the claimed subject matter. Accordingly, we adopt the findings of the Examiner in regard to Walker.

2.Basch teaches a computer-implemented method for predicting financial risk (Basch, col. 3, ll. 51-52).

3.The financial risk prediction system, FRPS 100, includes scoring transaction data, including a transaction pattern ascertained from the transaction data, based on a preexisting model to form a score for the financial account (Basch, col. 3, ll. 56-59).

4.Scoreable transactions represent events pertaining to an account and/or account holder that impact the financial risk level of that account and/or account holder. Examples of scoreable transactions include, for example, authorization requests for purchases of goods or services made on credit, clearing and settlement transactions between merchants and account issuers pertaining to one or more accounts, account issuer-supplied account records, public records, and the like (Basch, col. 5, ll. 8-16).

5.The FRPS 100 employs public record data, including credit bureau data, from various external public records stores 104 in the authentication of scoreable transactions and/or creation of the predictive model(s) (Basch, col. 7, lines 45-48 and 64-65).

6.Basch teaches that the transaction-based risk prediction system (i.e., a prediction system which utilizes both historical credit bureau data and current

account information) is able to warn account issuers that certain accounts and/or account holders are at risk based on recent transactions (Basch, col. 2, ll. 28-31 and col. 3, ll. 34-40).

PRINCIPLES OF LAW

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18.

In *KSR*, the Supreme Court emphasized "the need for caution in granting a patent based on the combination of elements found in the prior art," *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that "the principles laid down in *Graham* reaffirmed the 'functional approach' of *Hotchkiss*, 11 How. 248." *KSR,*

127 S.Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and

reaffirmed principles based on its precedent that "[t]he combination of familiar

elements according to known methods is likely to be obvious when it does no more

than yield predictable results." *Id.* The Court explained:

> When a work is available in one field of endeavor, design
> incentives and other market forces can prompt variations
> of it, either in the same field or a different one. If a
> person of ordinary skill can implement a predictable
> variation, §103 likely bars its patentability. For the same
> reason, if a technique has been used to improve one
> device, and a person of ordinary skill in the art would
> recognize that it would improve similar devices in the
> same way, using the technique is obvious unless its
> actual application is beyond his or her skill.

Id. at 1740. The operative question in this "functional approach" is thus "whether

the improvement is more than the predictable use of prior art elements according to

their established functions." *Id.*

The Supreme Court stated that "[f]ollowing these principles may be more

difficult in other cases than it is here because the claimed subject matter may

involve more than the simple substitution of one known element for another or the

mere application of a known technique to a piece of prior art ready for the

improvement." *Id.* The Court explained,

> Often, it will be necessary for a court to look to
> interrelated teachings of multiple patents; the effects of
> demands known to the design community or present in
> the marketplace; and the background knowledge
> possessed by a person having ordinary skill in the art, all
> in order to determine whether there was an apparent

> reason to combine the known elements in the fashion
> claimed by the patent at issue.

Id. at 1740-41. The Court noted that "[t]o facilitate review, this analysis should be made explicit." *Id.* (citing *In re Kahn,* 441 F.3d 977, 988 (Fed. Cir. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness")). However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.*

ANALYSIS

Appellants do not present separate arguments for patentability of claims 2-8 (Appeal Br. 9), thus we will treat claims 1-8 as a group. We select claim 1 as a representative claim and the remaining claims of the group stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

Appellants contend that the combination of Walker and Basch fails to disclose or suggest generating a score for the applicant based on the credit bureau data and the account information. More specifically, Appellants contend that Basch fails to disclose generating a score based on credit bureau data and account information because the credit bureau data is not a scoreable transaction but rather are used "to create the predictive model(s)" against which the scoreable transactions are scored and/or "to authenticate scoreable transactions" (Reply Br. 3). It appears that Appellants are arguing that the claimed invention is patentable over the combination of Walker and Basch because Basch fails to

specifically teach that the scoreable transactions include both credit bureau data and account information. However, the claimed invention does not require that the scoreable transactions include both credit bureau data and account information.

Claim 1 recites, *inter alia*, generating a score *based on* the credit bureau data and the account information. As admitted by Appellants (Appeal Br. 8), Basch teaches using the credit bureau data to create predictive models against which the scoreable transactions (i.e., account information) are scored (Finding of Facts 2-5). Thus, the score is "based on" the credit bureau data. Therefore, Basch teaches generating a score based on the credit bureau data and account information as claimed.

Appellants further contend that Basch teaches away from including the credit bureau data as a scoreable transaction (Reply Br. 2). This argument is moot. As discussed above, the claimed invention does not require that the credit bureau data be included as a scoreable transaction, the claimed invention requires only that the score be based on both the credit bureau data and account information.

Finally, Appellants contend that "[t]he Examiner has not identified in the prior art a suggestion to modify the Walker system to include the FRPS system of Basch" (Appeal Br. 9). More specifically, Appellants contend that "[b]ecause the system in Walker and the system in Basch utilize very different processes for analyzing data, adding data from such a different system would most likely require undue experimentation to modify the process just to accommodate other data" (*Id.*). We disagree.

The current law regarding obvious does not require the motivation to

combine references be found within the references themselves. Although the requirement of demonstrating a teaching, suggestion, or motivation (the TSM test) to combine known elements in order to show that the combination is obvious may be "a helpful insight," it cannot be used as a rigid and mandatory formula. *KSR Int'l. Co. v. Teleflex Inc.,* 127 S. Ct. 1727, 1741 (2007). Further, although there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.*

The Examiner found that (1) "both Walker and Basch are concerned with providing a financial institution with a tool for analyzing the financial risk of their customers or potential customers" (Answer 6), (2) "Walker does not explicitly teach the step of generating a score…based on the credit bureau data and the account information" (Answer 3), and (3) Basch teaches generating a score based on credit bureau data and account information (*id.*). The Examiner further held that it would have been obvious to one of ordinary skill in the art to modify the system of Walker to include the score generating method of Basch because "[t]he combination of the disclosures taken as a whole suggests that Financial Institutions would have benefited from the early warnings about the risks associated with opening an account" (Answer 4). Furthermore, Basch teaches that the transaction-based risk prediction system (i.e., a prediction system which utilizes both historical credit bureau data and current account information) is able to warn account issuers

that certain accounts and/or account holders are at risk based on recent transactions (Finding of Fact 6). Thus, we agree with the Examiner that one having ordinary skill in the art would have had a reason to modify Walker with the teachings of Basch, because Basch's system is an improved technique for identifying risk. *KSR*, 127 S.Ct. at 1740 ("[I]f a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill."). Appellants have not presented any arguments or evidence that modifying Walker with the teachings of Basch would be beyond the skill of one having ordinary skill in the art. Rather, the Appellants merely posit that the combination of Walker and Basch "would *most likely* require undue experimentation." (Appeal Br. 9) (emphasis added). Aside from this bald assertion, Appellants have provided no evidence to support this theory.

Walker's system performs background credit worthiness comparisons based upon an applicant's credit score, financial information, and new or existing relationship with the financial system (Walker, col. 2, ll. 6-9). Although traditional credit scores are based only on credit bureau data, Basch teaches generating a score based on credit bureau data and account information. Accordingly, we find Appellants' assertion that the modification of Walker's system to include the credit score technique of Basch, instead of a traditional credit score, would require undue experimentation is unfounded.

Appellants separately argue claim 40. More specifically, Appellants contend that "[t]he system of Walker does not teach or suggest generating a numerical

score" and "Basch does not indicate that the generated score is numerical" (Appeal Br. 9-10). The Examiner found that the score generated by Basch was a numerical score because the use of numerical scores is old and well known in the credit art, for example, credit scores commonly issued by credit bureaus (Answer 7).

Where, as here the rejection is based on the combination of familiar elements according to known methods, it is obvious when it does no more than yield predictable results. *KSR*, 127 S.Ct. at 1739. Appellants have not refuted the Examiner's finding that the use of numerical scores is old and well known in the art, nor have they provided any evidence that modifying Basch to specifically utilize numerical scores yields an unexpected result or was uniquely challenging or difficult for one of ordinary skill in the art.

Appellants do not present any separate arguments for the patentability of claims 26-32 (Appeal Br. 10), and thus we treat claims 9 and 26-32 as a group. We select claim 9 as a representative claim and the remaining claims of the group stand or fall with claim 9. 37 C.F.R. § 41.37(c)(1)(vii).

Although Appellants separately argue claims 9 and 26-32 on pages 10-12 of the Appeal Brief, the Appellants' arguments are essentially those presented with respect to claim 1, i.e., that the combination of Walker and Basch fails to teach generating a score for the applicant based on the credit bureau data and the account information, that Basch teaches away from using credit bureau dta, and that the Examiner has not identified in the prior art a suggestion to combine the applied references (Appeal Br. 10-12). We find Appellants' arguments unpersuasive for the same reasons presented above with respect to claim 1.

CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 1-9, 26-32, and 40 under 35 U.S.C. § 103(a) as unpatentable over Walker and Basch.

DECISION

The Examiner's decision to reject claims 1-9, 26-32, and 40 as unpatentable over Walker and Basch is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2006).

AFFIRMED

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